(b) if so, what precise demands were made by the FICCI: and

(c) what is the Government's response thereto 7

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) In the theme paper entitled 'Agenda for Dynamic Economic Growth prepared for Annual Genera! M*eeting,* Federation of Indian Chambers of Commerce and Industry has made several sugeestions including inter-alia on reforms relating to the capital market. The major suggestions made are as Under :

—Financial sector reforms should aim at restructuring and increased commercialisation o the public sector banks, greater participation of the private sector, reductions in reserve requirements, reform of the direct credit system and more flexible interest rate policy.

—Funds locked up in low yield-ng CRR and SLR can be released by reduction in CRR and SLR rates over the next couple of years.

—To put the capital market on a firmer foundation, it is essential that SEBI guidelines are implemented and followed 'n letter and spirit.

— For tax policy, a broad-based tax on final consumption such as value Added Tax levied at single rate should be introduced to enstire neutrality.

—The domestic prices need *to* be kept below international level for a long period to retain competitive edge in the world market.

—To be suggessful in the global market, it is essential to "pick winners". They should be provided support through access to credit, duty free import of equ'pment, insurance and transport ppefereaces.

—Transfonnation has to be radical, on the infras'ructural and industrial fronts. Foreign irvestment flows have tn he accelerated.

—Following are areas which were by-passed in reform process :

Agriculture;
Distiibutive fiade; anc
Education

These have to be brought info the ambit of reform package.

—Adjustments to the tax structure need to be made in a manner that facilitate export performance.

—Fiscal adjvustments must continue at all levels of the public sector, primarily through structural expenditure reform instruments and through the adoption of policies which promote an orderly adjustment of public enterprises.

(C)THe suggestions made by FICCI, other Assoc'ation and individuals are kept in view while formulating Government economic pclicies.

ACCESS OF PUBLIC SECTOR BANKS TO OAPITAL MARKEl

2617. SHRI RAJNI RANJAN SAHU : Will the Minister of FINANCE be pleased to state :

(a) whether Government propose to dilute Government's holding in Public Sector banks for giving them greater access to capital market; and

(b) if so, what are the details thereof indicating the contemplated revised strrcture of these banks ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : fa) and (b) Nationalised Banks which are in a position to do so, will be allowed to access the capital market to raise

fresh equty for the purpose of achieving prescribed capital norms to facilitate such access to the capital market, Government propose to amend the Banking Companies (Acquisition and Transfer of Undertakings) Acis, 1970 and 1980. The relevant amendmenis are receiv'ng Government's attention Government will however, continue to retain majority shareholding in the equity of the nationalised banks.

IMPUCATION FOR THE DEBT SERVICE PAYMENT

2618. DR. NAUNIHAL SINGH : WiU the Minister of FINANCE be pleased to stats : (a) whether it is a fact that there has been a marked shift in the composition of the country's external liabilities since the 1980's with the official sector accoun-ing for less and less of them, and the non-official sector steadily increasing its segment; if so. the reasons therefor;

(b) whether th s shift is likely to have an adverse inrplication for the debt service payments in future; if so, the reasons therefor; and

(c) what steps Government have taken to contain this shift to avoid any adverse impl cat ens on the debt service payments in future ?

THE MINISTER OF STATE IN THE MlrNTSTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) Yes, Sir, The share of exlcrnal debt on Government Account out of total external liability (excluding defence and NRI Deposits) of the country has declined from 73 percent in 1980-81 to 63 per cent in 1992-93.

(b) and (c). External debt on Government Account is received on highly concessional terms i.e. on nominal rate of interest and longer maturity period for repayment whereas debt on other accounts s being received on non-concessional terms i.e. higher rate of interest and shorter maturity period for repayment. Government is however, conserous about the country's external debt liability and keeps a constant watch on the level of country's indebtedness and likely burden of debt servicing. Government has taken a number of steps to bring about improvements in revenue receipts, to diminate inessent'al and low priority expenditure, to boost exports, to increase invisible earnings, to ensure efficient import substitution, to increase non-debt creating inflow of foreign funds, and to reduce dependence on borrowed funds for finandns expenditure. These steps would improve, in long term, the economic condition of the country and revitalise our growth process, including our export earning capacity, so as to enhance our capacity in generate sufficient funds needed for the economy to repay the loans and thus reduce dependence on borrowed funds.

LONG TERM PLANS FOR CAPITAL MARKET

2619. SHRI RAJUBHAI PARMAR : Will the Minister of FINANCE be pleased to state :

(a) whether the Punjab, Haryana and Delhi Chamber of commerce and Industry has mooted a mechanism to be introduced in tha Capital marker to enforce post issue Governance to ensure long term health ot the capital market;

(b) if so, what are the details in this regard; and

(c) Government's decision thereon 7

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) : The PHD Chamber of Commerce and Industry has made a suggestion to the Securities & Exchange Board cf India (SEBI) that promoters who fail to fulfil their commitments with regard to implementation ot projects for reasons other than those srising from "force majeure" conditions should be debarred from raising any futher funds till they have implemented the project,